



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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## Hearing on the United States-Jordan Free Trade Agreement Opening Statement of Chairman Chuck Grassley

The signing of the U.S.-Jordan Free Trade Agreement on October 24, 2000, marked a most welcome development in relations between the United States and the Hashemite Kingdom of Jordan.

Thanks in large measure to the high priority that King Abdulla has attached to economic reform in Jordan, and in particular to the negotiations that resulted in this agreement, and also thanks to the bipartisan support for these negotiations in the Senate, we are now on the brink of a more profound partnership with one of America's most reliable friends and allies.

When this partnership is ratified, Jordan will become only the fourth country in the world to have a bilateral free trade agreement with the United States.

Before I continue, I would like to say a word about King Abdulla's role, if I may. If we are ever able to achieve a comprehensive regional peace in the Middle East, it will in large part be due to the vision and personal commitment of leaders like King Abdulla, who are willing to seek a new path to peace, the path of full engagement with the world through trade.

King Abdulla is an internationalist. He is not afraid of the future. Rather, he is eager to embrace it. I will have the honor of introducing His Majesty to the Members of this Committee early next month, during the King's visit to the United States, and I look forward to that very much.

This free trade agreement is significant for another reason. Because the agreement will remove impediments to free trade, it signals a maturing of the economic relationship between our two nations. The sole focus of our economic relationship will no longer be foreign assistance.

With Jordan's accession to the World Trade Organization last April, and with the expansion of trade we will see under this agreement, entrepreneurs in both countries will have more predictable, secure and abundant access to each others' markets.

I was delighted to see Jordan's accession to the WTO, which was delayed by the turmoil in Seattle, finally go forward. The framework of rights and obligations which the democratic WTO system has created plays a crucial role in the development of trade in the fast globalizing world economy. In joining the world's foremost trading forum, Jordan is now an equal partner in observing the primary WTO principle of non-discriminatory free trade. Perhaps even more importantly, through the WTO, Jordan is also our partner in making sure the conditions for trade are stable, predictable, and transparent.

I also look forward to the constructive role that Jordan can play in the WTO in helping bridge the differences between the world's developed and developing nations, so that we can together reap the rewards of peace and prosperity through trade.

It was in anticipation of Jordan's new role in the world trade community, and of its closer bilateral trade ties with the United States, that I strongly endorsed the negotiations that led to the agreement we are discussing today.

However, I was surprised to learn the final agreement included somewhat exceptional provisions relating to labor and the environment.

They are exceptional for at least three reasons. The first is their lack of clarity. It is not clear legally whether the relevant articles are binding and enforceable, and, if so, how.

Second, they are exceptional because, as far as I know, the United States has no concerns about the labor and environmental standards employed in Jordan, nor does Jordan have any such concern with ours.

Finally, and most importantly, in my view, some of our most respected diplomats, legal scholars, and former trade negotiators have concluded that these provisions could lead to the use of trade sanctions.

Given the nearly unanimous opposition of the world's developing nations to the use of trade sanctions to enforce labor and environmental standards – opposition that led directly to the collapse of the last WTO Ministerial in Seattle – this is a development that concerns me deeply.

I believe there are other, better ways to address labor and environmental concerns.

The best way to do so, I believe, is the way that was so eloquently advocated for so long by the distinguished former chairman of this Committee, Senator Pat Moynihan. Senator Moynihan strongly believed that labor concerns were best addressed within the context of the International Labor Organization.

Nearly every week, I meet with trade ministers from foreign countries who share this view. Most of these trade ministers are from countries that have more extensive records of protecting core labor rights and advancing international environmental standards than we do.

Just yesterday, I met with Leif Pagrotsky, Trade Minister of Sweden. Sweden's record on protecting labor and environmental standards is second to none. I should also point out that Minister Pagrotsky, who is from Sweden's Social Democratic Party, is a member of his country's parliament, which has long advocated progressive positions on labor and environmental standards. But here is what Minister Pagrotsky said in a speech he delivered last year to the International Metalworkers Federation:

“Trade ministers should not try to take over the fight against exploitive child labor or the right to collective bargaining from the ILO. Trade liberalization did not create those problems. And therefore, trade restrictions could not cure them.”

I share Minister Pagrotsky's concerns -- concerns that are being increasingly aired throughout the developed and the developing world. I look forward to an informed discussion of these important issues today.